

# Chicago Riverwalk

## investment memorandum





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# Investment Opportunity

The City of Chicago (“City”) is pleased to offer an exciting investment opportunity available in the downtown Chicago submarket. The City advances a commercial development, operations, and management opportunity for partnership on the Chicago Riverwalk.



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# Investment Opportunity

## Request for Proposals



The information enclosed provides some of the details necessary for you and/or your partners to put forth a proposal to respond to the Request for Proposals (“RFP”) issued by the City of Chicago on August 6, 2014, Bid Specification number 126330, Requisition number 92533.

This Investment Memorandum, which contains brief, select information pertaining to the business and affairs of the Property, has been prepared by the City of Chicago in collaboration with World Business Chicago (“WBC”). This Investment Memorandum does not purport to be all-inclusive or to contain all of the information a prospective partner may desire. Neither the City nor WBC, nor any of their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of the Investment Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. The City expressly reserves the right, at its sole discretion; to reject any or all expressions of interest or offers to partner

on the Chicago Riverwalk unless and until a contract has been fully executed and delivered.

The structure of the Partnership identified in the RFP issued is that Partners may propose a management agreement or a long term lease with an upfront payment so as to meet the City’s project finance requirements. Respondents may propose an alternative structure that meets the project finance requirements of the Riverwalk. The Partner is responsible for the development of the commercial retail on the Riverwalk, the programming of the Riverwalk, and the operations and maintenance of the entire Riverwalk.

This Investment Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date the Investment Memorandum was prepared.



# Investment Opportunity

## Chicago Riverwalk Investment Highlights

- Potential to be a top entertainment and recreation destination for residents and tourists alike
- Opportunity to partner on a World-Class mixed use asset
- Option to develop commercial retail in a high barrier to entry market; Over 100,000 SF of potential developable space including vertical construction
- Potential to drive roughly \$3 billion dollars in net new spending in the Chicago economy over 35 years



Photo cc Chris Smith on Flickr



# Chicago Overview

Chicago has one of the world's largest and most diversified economies, with more than four million employees and generating an annual gross regional product (GRP) of over \$500 billion. The City is an efficient economic powerhouse that is home to more than 400 major corporate headquarters, including 31 Fortune 500 headquarters.

Centrally located and with a population of 9.5 million people and 4.4 million employees, Chicago is home to an unrivaled workforce, economy, and quality of life. The Economist Intelligence Unit ranked Chicago among the world's top 10 most competitive cities for business.



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# Chicago Overview

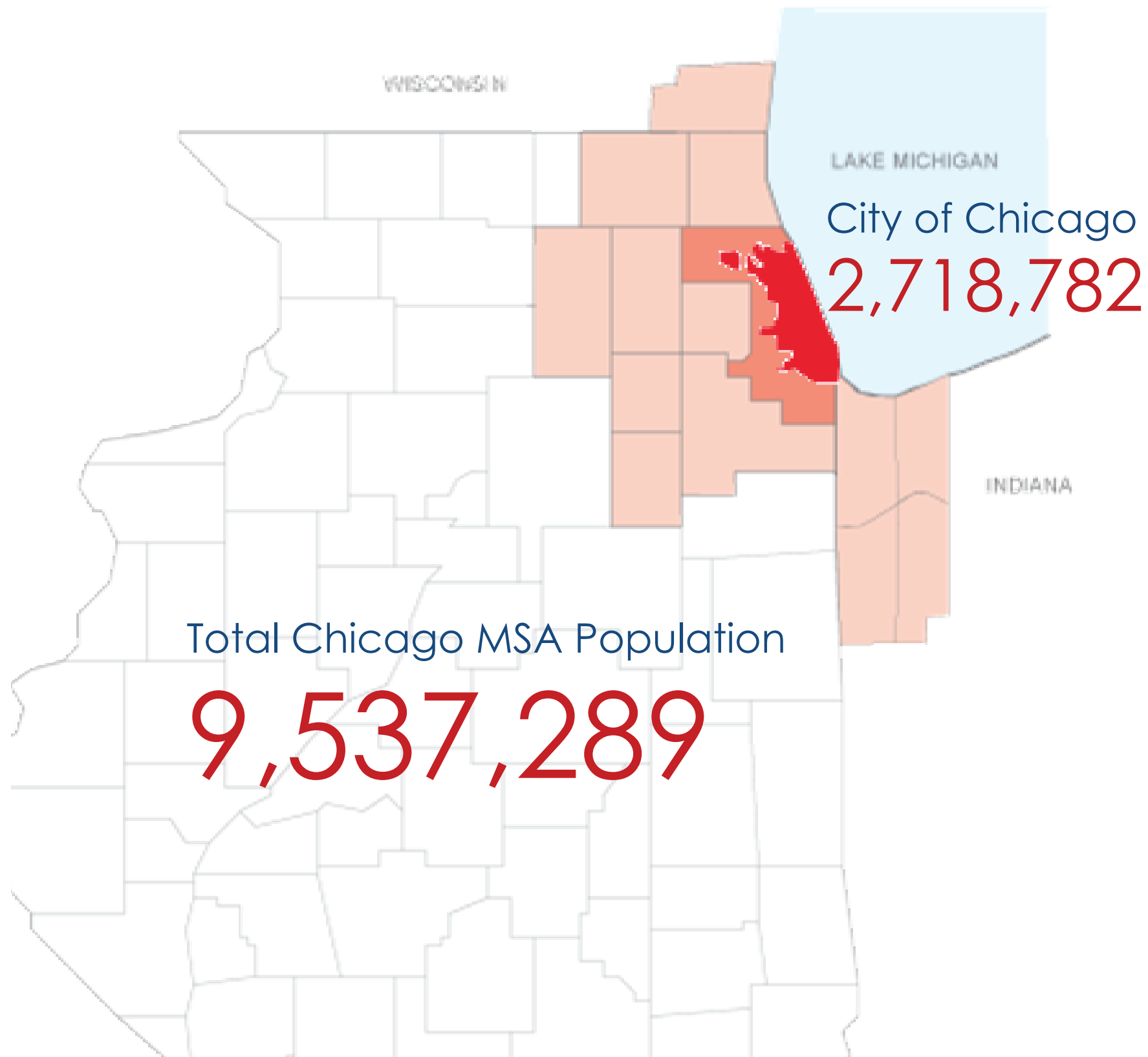
## The Population

Largest Centralized Metro in the U.S.  
with Abundant Talent Pipeline in One of  
the World's Largest Economies

Chicago is the heart of  
a major metropolitan  
area comprised of:

- **9.5 million residents, a growth of 4% (+380,000 people) since 2000**
- **Over \$500 billion annual gross regional product**
- **4.4 million employees**

The Chicago's city center is home to 2.7 million residents and 1.2 million employees, a significant number of whom are young and college educated – a major selling point for companies looking to attract the best and brightest in the region.



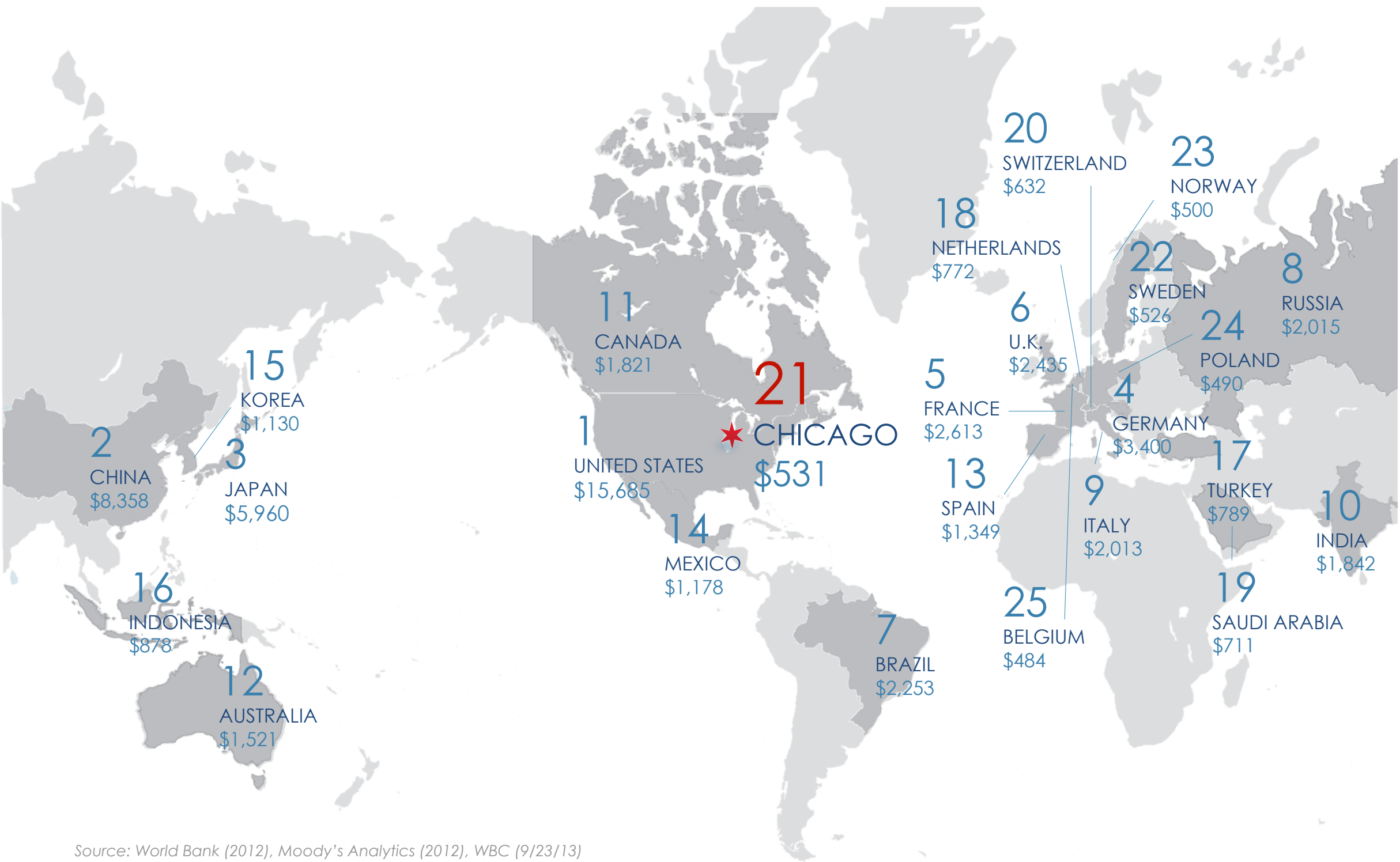


# Chicago Overview

## The Economy

### \$531B Economy Rivals Nations

- #1 Metro for New & Expanding Companies – Site Selection magazine, 2014
- Among the top 10 Cities of Opportunity –PwC, 2014
- Among the top 10 Global Cities of today –A.T. Kearney, 2014
- Among the top 10 global business hotspots of 2025 –The Economist Intelligence Unit, 2013



Source: World Bank (2012), Moody's Analytics (2012), WBC (9/23/13)



# Chicago Overview

## Key Industries

Ranked Top 5 among 350+ metro areas nationwide for Gross Regional Product (GRP)/ Output in:

- **Business & Professional Services:** 736,600 employees; \$85 billion GRP
- **Financial Services:** 287,100 employees; \$123 billion GRP
- **Manufacturing:** 413,800 employees; \$68 billion GRP
- **Transportation & Warehousing:** 184,000 employees; \$19 billion GRP
- **Health Services:** 527,500 employees; \$36 billion GRP



# Chicago Overview

Access to the Country's Brightest Minds

## Tremendous Talent Pipeline

- The Chicago Loop is “the largest college town in Illinois,” with more than 65,000 students
- More than 145,000 college degrees conferred every year by nearly 150 Chicago area colleges and universities, including 25,000 bachelor's degrees, 18,000 masters degrees, and 4,000 doctoral degrees in the city alone
- Home to Kellogg School of Management at Northwestern University and The University of Chicago Booth School of Business, two of the top graduate business schools in the world

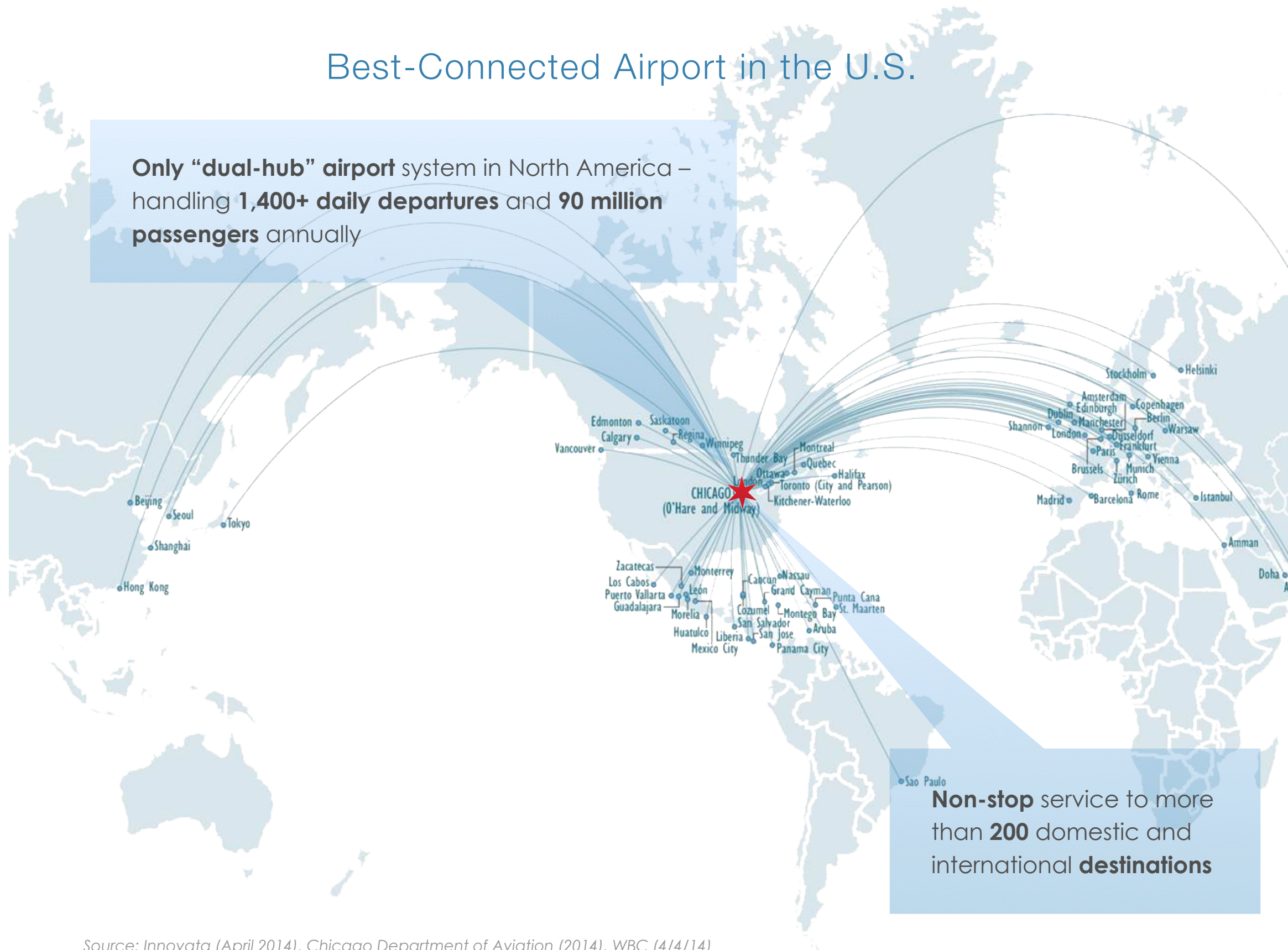


# Chicago Overview

## Accessibility

### Best-Connected Airport in the U.S.

Only “dual-hub” airport system in North America – handling **1,400+ daily departures** and **90 million passengers** annually



**Non-stop** service to more than **200** domestic and international **destinations**

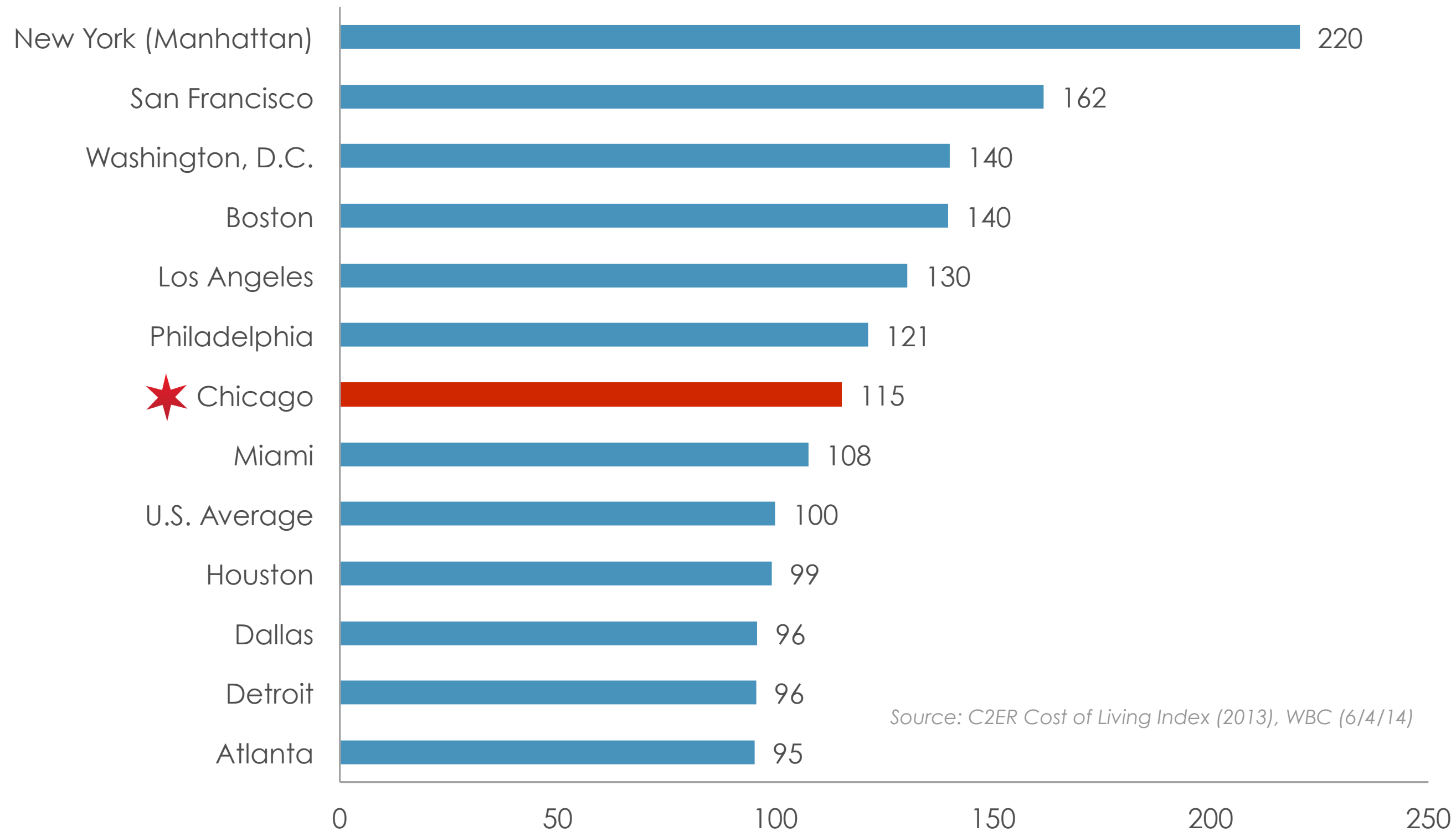
Source: Innovata (April 2014), Chicago Department of Aviation (2014), WBC (4/4/14)



# Chicago Overview

## The Economy

Cost of Living = Best Value City



Source: C2ER Cost of Living Index (2013), WBC (6/4/14)



# Chicago Tourism

A Snapshot

*Navy Pier*

*Mag Mile*

*Chicago Riverwalk*

*Millennium Park*

*Union Station*

*Buckingham Fountain*

- 48.4 million visitors in 2013, up from 39.3 million in 2010
- 55.0 million visitors by 2020
- TripAdvisor Users Rank Chicago #2 for Top U.S. Destination after NYC
- 85% May 2014 Hotel Occupancy
- \$227.59 Average Hotel Rate
- The George Lucas Museum of Narrative Art will call Chicago home
- The City of Chicago issued an RFP for the Concept Design for a city-wide lighting framework plan in May which will incorporate the River

Photo Courtesy of Gensler

The dots in the image represent the quantity of photos taken by tourists.



# History of the River

Chicago's phenomenal growth into a major urban center is due, in large part, to its strategic location on the Chicago River and Lake Michigan. As early as the 1600's the river and the lake were major trade routes. By the City's incorporation in 1837, the river had already been established as a desirable location for industrial development.

The first meat packing plant adjacent to the river opened in 1829 and the first lumber mill in 1833. These two industries were located just north of Wolf Point at the confluence of the north and south branches of the Chicago River. The completion of the Illinois and Michigan Canal in 1848 linked Lake Michigan with the Mississippi River, dramatically increasing river traffic. By the 1860's, the river had become the focus of industrial development with an emphasis on meat packing and lumber.

In the city's early history the river was also used as a sewage outlet. Waste flowed east

to Lake Michigan, the city's drinking water source, resulting in frequent outbreaks of water-borne diseases. In the 1890s, work began on the Sanitary and Ship Canal to protect the water supply and to provide greater shipping capacity. The construction of the Canal and its locks reversed the flow of the river, sending pollution away from Lake Michigan and into the Mississippi River system.

The Sanitary and Ship Canal also became the main materials transportation artery, replacing the obsolete Illinois and Michigan Canal which was eventually filled in. Chicago's industrial legacy will likely remain a strong feature of development along the Chicago River, particularly along the South Branch and the Sanitary and Ship Canal. However, public demand for access and recreational amenities continues to grow, ensuring that future development will include a diverse mix of industrial, commercial, residential, and recreational uses.





# Riverwalk Infrastructure Plan



Photo cc Simon Lutman on Flickr

The Chicago Riverwalk extension (the Project) is part of the larger Wacker Drive Reconstruction Project. Wacker Drive is a multi-level major thoroughfare through downtown Chicago (the City) that runs adjacent to the Chicago River from Lake Shore Drive to the Eisenhower Expressway.

The Wacker Drive Reconstruction Project, consists of 3 phases, East-West, North-South, and the Riverwalk. The intention of the Riverwalk Project was to complement the new roadway and bring residents and visitors down to the river level. Portions of the Riverwalk, including East of Michigan were completed in the 90's. The Vietnam Memorial was dedicated in 2005.

The original Phase I portion of the Riverwalk was completed in 2009 and runs west from Michigan Avenue to the east side of the State Street Bridge. This segment includes the

Vietnam Veteran's Memorial as well as a limited number of restaurants and vendors.

The Riverwalk Extension, known as Riverwalk Phases II and III, is underway and is planned for a six-block section of Lower Wacker Drive along the southern bank of the Chicago River, running west from State Street and curving south to Lake Street. The project is envisioned as an alternative pedestrian pathway that will include recreational, educational, retail and restaurant opportunities. Currently, there is not a continuous walkway along the river.

Through Federal assistance by the Transportation Infrastructure Finance Innovation Act (TIFIA), the City has invested in infrastructure build-out of the marine sea wall and public amenities and seeks a commercial development partner for the commercial component of the Riverwalk.



# Riverwalk Location & Map



The Chicago Riverwalk is situated between the Chicago Loop to the south and its River North, Magnificent Mile, and Streeterville neighborhoods to its north.

